

THRU : Chief, Intelligence Information Staff, ORR
THRU : 25X1A9a
THRU : Chief, Industrial Division, ORR
THRU : Chief, Military Economics Branch, D/I

21 February 1958

Requirement 25X1A2g

In answer to your inquiry, the indicated requirement should be reissued as the information requested is of importance. To date no answer has been received as a result of the original issuance.

It is suggested that the requirement be recast in the manner set forth below, if feasible. This would replace the entire set of questions in the original.

As with the original, these questions have been coordinated with I/WA.

It is requested that the following questions be addressed to the source of the referenced report. These questions should be directed to both intra-bloc arms transactions and to transactions between Soviet bloc nations and other nations (e.g., Egypt and Syria).

1. Prices.

a. How are prices established?

(1) Do prices cover fixed and variable (direct-indirect) costs, including profits and depreciation?

(2) What allowances (e.g., rates of depreciation) are made for old and/or used equipment?

(3) What function does the USSR play in establishing these prices (when they are a participant in the given transaction and when they are not)?

(4) How are transportation and insurance costs for arms shipments determined?

b. Indicate any prices known for military equipment. For each price define the item as follows:

(1) its nomenclature

(2) its condition

SUBJECT: Requirement [REDACTED] 25X1A2g

(3) whether spares and/or ammunition are included and to what extent.

The year(s) in which the cited price was applicable should be noted as should any changes in the prices for a given piece of equipment over time.

2. What are the usual contract terms?

a. What exchange rates are applicable?

b. What are the means of payment?

c. What time period is generally allowed for the settling of an account for any given transaction? Where credit is involved what are the usual terms? Is the credit ever provided by a third party?

3. Are payments for the import of arms budgeted? If so, under what announced budgetary account(s) are these funds located? If not so located (in whole or in part) describe the sources of these funds.

4. What budgetary accounts, if any, are credited with revenue from the sale of arms?

5. What has been the value of imports and exports of arms, by country, on an annual basis since 1950? Specify, to the extent possible, the physical quantities of equipment, ammunition, etc. -- by type -- underlying these transactions.

[REDACTED] 25X1A9a

Distribution:

Original & 1 - Addressee

1 - D/I

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RR/I/ME: [REDACTED] edh/3803(21 Feb 58)25X1A9a